THE SOUTHLAND CORPORATION
ANNUAL REPORT • 1966

BOARD OF DIRECTORS

Webster Atwell	Partner, Atwell, Grayson & Atwell
J. Y. Ballard	Vice President Consulting Engineer
Walton Grayson, III	Vice President and General Counsel Partner, Atwell, Grayson & Atwell
H. E. Hartfelder	Executive Vice President
W. W. Overton, Jr.	Chairman of the Board, Texas Bank & Trust Company
John P. Thompson	President
Jere W. Thompson	Vice President
Clifford W. Wheeler	Vice President

OFFICERS

John P. Thompson	President
H. E. Hartfelder	Executive Vice President
Jere W. Thompson	Vice President, Store Operations
M. T. Cochran, Jr.	Vice President, Dairy Operations
Clifford W. Wheeler	Vice President, New Areas
Walton Grayson, III	Vice President and General Counsel
J. Y. Ballard	Vice President
W. K. Ruppenkamp	Treasurer
J. B. Langford	Secretary
R. G. Smith	Controller

CONTENTS

[redacted]

FOR THE YEAR	1965	1966
Total Revenues	$343,074,832	$450,198,007
Net Earnings	$ 4,692,293	$ 5,631,912
Per Share	1.28	1.53
Cash Dividends	$ 1,105,768	$ 1,249,592
Per Share	.30	.34

Year ended December 31

AT YEAR-END	1965	1966
Net Working Capital	$ 33,019,934	$ 41,248,169
Current Ratio	2.22 to 1	2.32 to 1
Long Term Debt	$ 30,122,305	$ 51,382,136
Stockholders' Equity	$ 26,170,816	$ 30,775,947
Shares Outstanding	3,654,659	3,677,700
Book Value Per Share	7.16	8.37
Number of Stockholders	1,228	2,111
Number of Employees	11,300	12,800
Annual Dividend Rate Per Share	.33	.36

CHANGES IN NET WORKING CAPITAL 1966

Working Capital, December 31, 1965			$33,019,934
Additions:			
Net Earnings	$ 5,631,912		
Depreciation	1,966,820		
Deferred Credits	1,495,370		
Long Term Debt	21,259,831		
Exercise of Stock Options	229,505		
Other (net)	286,301	$30,869,739	
Deductions:			
Cash Dividends	$ 1,249,592		
Plant & Equipment	21,391,912	22,641,504	
			8,228,235
Working Capital, December 31, 1966			$ 41,248,169

TO OUR STOCKHOLDERS:

1966 was a year of continued growth and achievement for The Southland Corporation and, once more, a year in which your corporation set new high sales and profit records. We hope that you will share with us a pride and satisfaction that in a business year beset with financial nervousness and instability, your company achieved the highest sales and profits in its history.

Revenues totalled $450,198,007, an increase of 31.2% over 1965. Net earnings after taxes were $5,631,912, equal to $1.53 per share, adjusted for stock dividends, an increase of 19.5% over 1965.

Cash dividends paid during 1966 totalled $1,249,592, equal to 35¼¢ per share and was the 9th dividend increase in the past 10 years. As reported last year, a 2 percent stock dividend was paid on January 10, 1966 to stockholders of record December 10, 1965. In addition, a 3 percent stock dividend was paid on December 11, 1966 to stockholders of record November 10, 1966. The recent 3 percent stock dividend was equivalent to 72¢ per share calculated on the market value of the stock on date of record.

At the end of 1966 the company had in operation a total of 2,321 stores in 25 states and the District of Columbia. This represents an increase of 427 units and includes the 86 Handy Pantry stores in Atlanta and Columbus, Georgia and Memphis and Nashville, Tennessee which were gained through the merger with American Service Company of Atlanta, Georgia, in April, 1966. We are presently changing the name of these stores to 7-ELEVEN and scheduling store openings to expand our operations in these new areas.

Your management sees great opportunities in the expanding acceptance of the convenience store concept of marketing. Service and convenience have been the cornerstones of our store growth and there is a continuing and increasing demand on the part of the consumer for convenience shopping. On the average, over one million customers each day made purchases in our stores. There are many sizeable market areas in the United States which we have not yet entered and others where, at present, we enjoy only limited market penetration. Our future plans are to develop these markets through the opening of new company-owned stores and in some areas by the expansion of our franchise store program. We will continue to place increased emphasis on test marketing new products, new merchandise lines and merchandising concepts. Some of these promise to be as revolutionary as our basic convenience store concept was 20 years ago.

With the acquisition of Harbisons Dairies in Philadelphia last February, we now have 29 dairy processing plants and 84 principal distribution centers selling Southland dairy products in 19 states and the District of Columbia. Although the overall results of our Dairy Divisions during 1966 were not as good as we anticipated, we look forward to 1967 with confidence.

Our Chemical Division is continuing to grow rapidly and profitably although it is still proportionately a very small part of our total operations. From its modest beginnings two years ago, the division today is manufacturing and distributing a wide variety of chemical specialty products to our stores, dairies and to manufacturers and retailers in about 40 states.

During the year our Ice Division continued to operate on a profitable basis and was modestly expanded by the addition of two new ice plants as a result of the merger with American Service Company. Also, the Dallas ice plant was extensively remodeled into one of the most modern and efficient ice processing plants in the Southwest.

JOHN P. THOMPSON
President

H. E HARTFELDER
Executive Vice President

JERE W THOMPSON
Vice President,
Store Operations

M T COCHRAN, JR
Vice President,
Dairy Operations

CLIFFORD W WHEELER
Vice President,
New Areas

WALTON GRAYSON, III
Vice President
and General Counsel

In January, 1966, your company strengthened its capital position through the placement of promissory notes whereby the company will borrow $27,500,000 on or before January 2, 1968. At year end, $21,500,000 of these notes had been used in financing expansion and retiring the outstanding $4,500,000, 5⅛% promissory note due 1978. At this time we anticipate our capital needs in 1967 will be met from retained earnings, funds already committed and through the continuation of our long-term real estate financing program.

The 10 year growth record of The Southland Corporation was favorably recorded in the July, 1966 edition of FORTUNE magazine. Southland was listed as the 45th largest merchandising company in the United States with the 4th highest net return on invested capital and the highest earnings growth rate for the last 10 years of the top 50 merchandising companies in America. Although this is an outstanding growth record, your company is continuing to move forward vigorously with its corporate plans for future growth in business volume and profitability. Our established sales goal is One Billion dollars a year by 1974. To attain this objective, sales will have to increase approximately 10 percent per year compared with the average compounded sales growth of 24 percent during the past 10 years. We feel confident we have the organization, financial strength and the management talent to achieve this goal.

Southland's past growth reflects the ability, enthusiastic efforts and loyalty of our personnel and management teams. Because we are a rapidly growing organization, we are able to offer many new opportunities and challenges to personnel with proven capacity to meet increased responsibilities. Your company, through continuing emphasis on managerial leadership and strong individual initiative, has the organization to meet the future demands of growth.

While your management seeks expanding horizons, we are also well aware that our growth would not have been possible without the substantial dedication and loyalty of our millions of customers and over 2,100 stockholders. Your directors and officers would especially like to welcome our many new stockholders, customers and employees who have joined the Southland family since our last annual report to you. We hope our stockholders who live in the vicinity of our stores and dairies will patronize them and introduce their friends and neighbors to the quality products and convenient services provided by the company.

Sincerely,

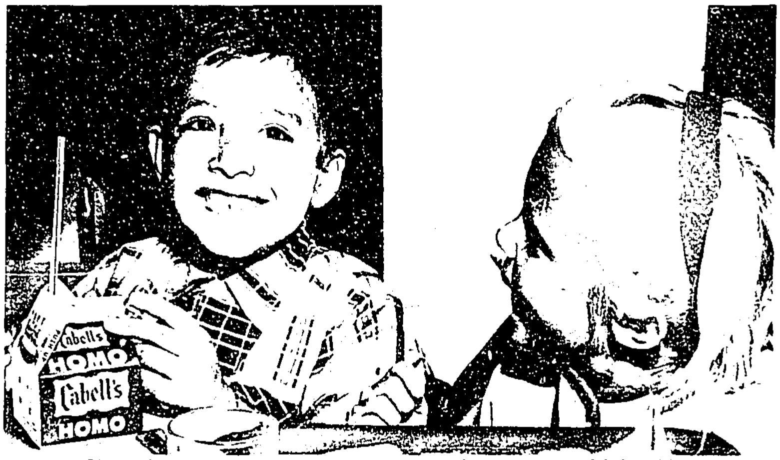
John P Thompson

JOHN P. THOMPSON
President

H E Hartfelder

H. E. HARTFELDER
Executive Vice President

PICTORIAL REVIEW



MILK FOR LUNCH. Over two million school children a day drink milk and eat ice cream supplied to their school lunch rooms by SOUTHLAND dairies. Each month in 2300 schools in many parts of the country, the boys and girls consume about 957,000 gallons of milk and orange drink, and about 95,500 gallons of ice cream from SOUTHLAND dairies.

TRAINING PROGRAM ACCELERATED. Training schools were opened in many areas of the country to prepare new employees for their jobs in SOUTHLAND stores. Each school contains mock-ups of important work areas such as the sales counter shown above. The training schools are producing employees trained to offer customers the kind of service that has made 7-ELEVEN famous.

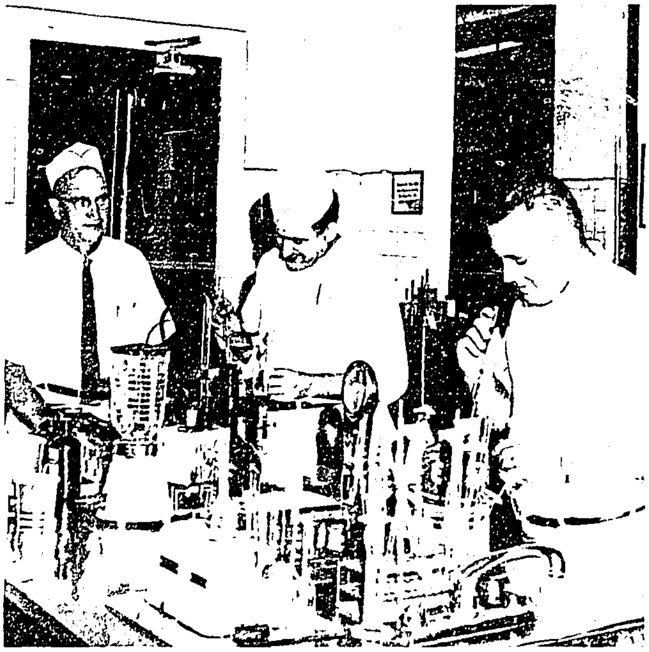
HARBISONS DAIRIES, long a landmark in the Philadelphia area, now serves the fast growing Eastern Store Division. Here, one of HARBISONS delivery units is being unloaded at one of the Eastern division's new Colonial style stores.

PROGRESS IN THE ICE DIVISION. Modern equipment and new packaging helped the ice division enjoy a very successful year. Store front holding boxes for bagged ice have increased customer impulse buying and the ice division is anticipating continued success.

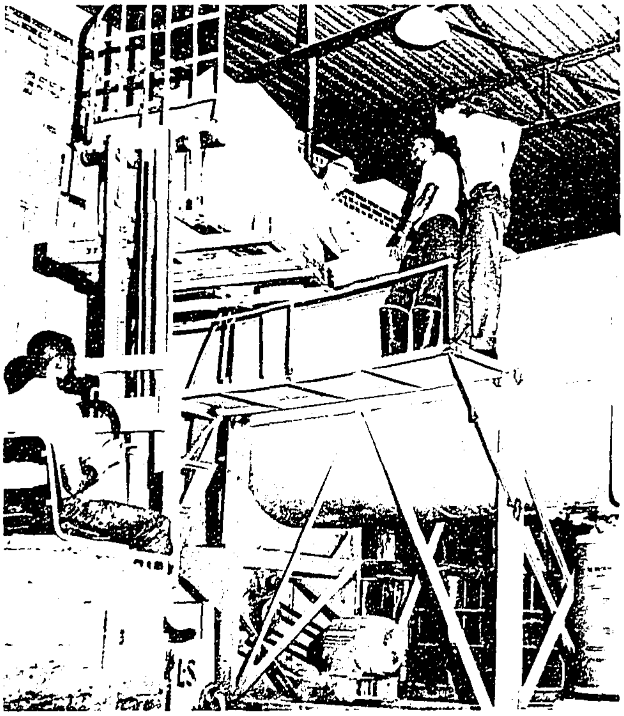
DETERMINATION, a well run store and big smiles combine easily for this husband and wife team as they operate a 7-ELEVEN store. Family units are playing an important part of the Stores Division in all parts of the country.

ADVERTISING DEPARTMENTS COORDINATED. Four advertising departments from the Stores Divisions were transferred to a central office in Dallas in a move designed to better serve the needs of the growing Stores Divisions. The new central office not only provides local and regional requirements, but in 1966 produced national advertising in Life, Look and TV Guide as well as a nationwide program of spot advertising on NBC Monitor.

DELVALE, long a household word in Baltimore, moved into the Washington area with great success. Here, one of DELVALE'S routemen delivers fine ice cream to an unusual 7-ELEVEN store near historical old Georgetown in Washington.



QUALITY CONTROL IN THE LABORATORY. Precise control of quality and freshness is the prerequisite of a successful dairy operation. Here the staff of EMBASSY DAIRY'S laboratory perform the many checks and counterchecks that make EMBASSY products the standard of excellence in the Washington, D. C. area.



SOUTHLAND'S NEW CHEMICAL DIVISION saw rapid growth in 1966. Working from its Dallas plant the chemical division produces food stabilizers, cleaning compounds, flavors, liquid adhesives, endseal compounds and conveyor belt lubricants to our dairies and to many outside accounts. In 1967 their production will be expanded to include sherbet bases, syrups and speciality flavorings.

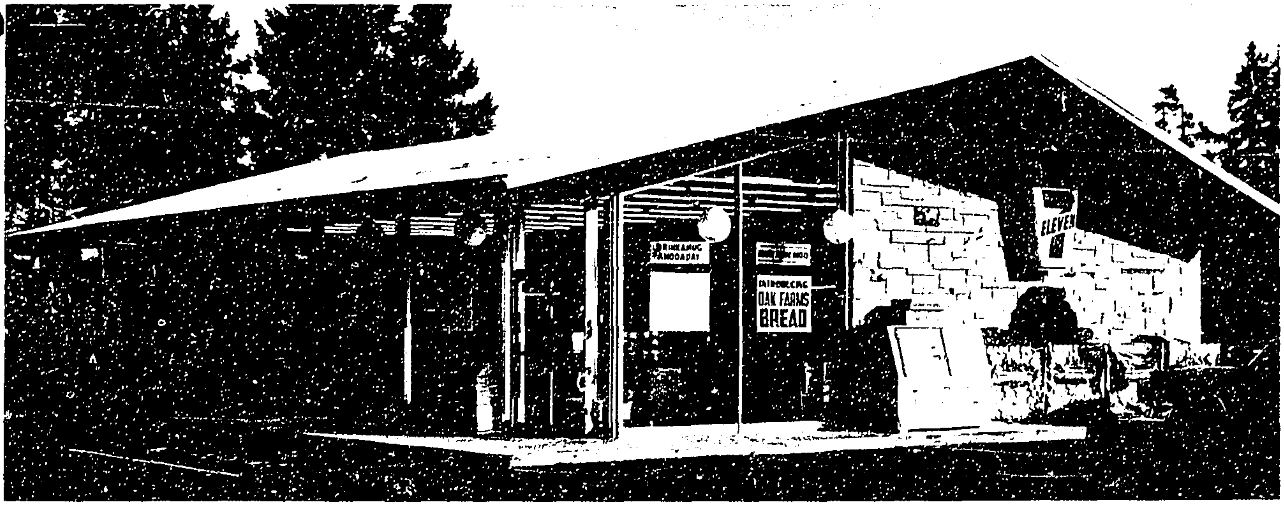
PROFESSIONAL FOOTBALL TIE-IN. Two of SOUTHLAND'S dairy operations centered strong promotions around professional football teams this season. In Dallas, OAK FARM DAIRIES shared a very successful season with the Cowboys. In Florida, VELDA FARMS worked hand in hand with the Miami Dolphins. Shown here is Bob Hayes, of the Cowboys, receiving OAK FARM'S Sparkle Award.

BLUE RIBBON GUERNSEY HERD. At COOPER FARMS in Ardmore, Oklahoma is SOUTHLAND'S prize Golden Guernsey herd. In the last four years this fine herd has won 109 first place blue ribbons in important shows. The herd is always a fine attraction at any fair or exposition where it is shown.

KIDS LOVE 7-ELEVEN. Last summer 7-ELEVEN launched a giant promotion on frozen carbonated drinks that brought youngsters into the store by the thousands. These young customers of tomorrow liked the promotion, liked the drink, and made it one of the most rewarding merchandising efforts in our stores' history.

AMERICA'S LARGEST RETAIL DELIVERY FLEET. Shown here is a small part of ADOHR dairy's fleet of trucks that serve the vast Metropolitan Los Angeles area. The network of ADOHR retail routes is the largest in the United States in one city. SOUTHLAND operates over 3,000 trucks in its dairies division operation.

7-ELEVEN GASOLINE. New Self-service gasoline installations were operated by 7-ELEVEN in many areas of the country with great success. Enthusiastic customer acceptance indicates great potential in this field.



THIS HANDSOME STORE in the Pacific Northwest features many design innovations. It is carpeted throughout, creating a warm and relaxing shopping environment. This same style of carpeting is being tested in many other areas of the country.

STATEMENT OF CONSOLIDATED EARNINGS

	Year ended December 31	
REVENUES:	1965	1966
Net sales (including franchisee stores)	$342,599,056	$449,780,578
Other income	475,776	417,429
	$343,074,832	$450,198,007
COST OF SALES AND EXPENSES (Note 7):		
Cost of sales and expenses exclusive of items listed below	$313,501,285	$413,001,337
General and administrative expenses	2,666,525	3,297,498
Property and equipment rentals (Note 6)	13,090,702	17,390,330
Depreciation	1,842,522	1,966,820
Interest expense	1,840,552	2,514,916
Contributions to employees' savings and profit-sharing fund	1,002,953	1,115,194
	$333,944,539	$439,286,095
NET EARNINGS BEFORE FEDERAL TAXES ON INCOME	$ 9,130,293	$ 10,911,912
FEDERAL TAXES ON INCOME	4,438,000	5,280,000
NET EARNINGS	$ 4,692,293	$ 5,631,912

See notes to Financial Statements.

STATEMENT OF CONSOLIDATED STOCKHOLDERS' EQUITY

Year ended December 31, 1966

COMMON STOCK:		
The Southland Corporation	$ 34,719	
Shares issued in the merger with American Service Company	760	
Balance December 31, 1965 (Note 1)	$ 35,479	
Exercise of Stock Options	229	
3% Stock Dividend	1,069	
Balance December 31, 1966		$ 36,777
ADDITIONAL PAID-IN CAPITAL:		
The Southland Corporation	$ 8,514,171	
Excess of the capital stock and paid-in capital accounts of American Service Company over the par value of Southland common stock issued in the merger	1,162,961	
Balance December 31, 1965 (Note 1)	$ 9,677,132	
Exercise of Stock Options	229,276	
3% Stock Dividend	2,486,036	
Balance December 31, 1966		12,392,444
EARNINGS RETAINED IN THE BUSINESS:		
The Southland Corporation	$16,562,516	
American Service Company (deficit)	(104,311)	
Balance December 31, 1965 (Note 1)	$16,458,205	
Net Earnings for the year	5,631,912	
Less:	$22,090,117	
Cash Dividends	$ 1,249,592	
3% Stock Dividend	2,493,799	
	$ 3,743,391	
Balance December 31, 1966		18,346,726
TOTAL STOCKHOLDERS' EQUITY (Notes 4 and 5)		$30,775,947

See notes to Financial Statements.

THE SOUTHLAND CORPORATION
AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	December 31 1965	December 31 1966
CURRENT ASSETS:		
Cash	$10,599,045	$ 10,563,024
Accounts and notes receivable:		
Trade	$ 8,076,000	$ 12,590,163
Franchisee	2,995,362	4,714,194
Other	2,773,366	1,057,543
	$13,844,728	$ 18,361,900
Less allowance for doubtful accounts	297,669	453,039
	$13,547,059	$ 17,908,861
Inventories, at the lower of cost or market:		
Merchandise	$20,022,398	$ 22,954,804
Supplies	1,182,140	1,401,463
	$21,204,538	$ 24,356,267
Deposits and prepaid expense	2,681,258	3,281,964
Investment in property (Note 2)	12,073,787	16,320,565
TOTAL CURRENT ASSETS	$60,105,687	$ 72,430,681
INVESTMENTS AND OTHER ASSETS	$ 1,071,330	$ 858,581
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 4):		
Land	$ 6,899,143	$ 7,900,775
Buildings and leaseholds	20,547,875	25,834,841
Machinery and equipment	11,134,638	24,075,996
Vehicles	2,508,684	2,440,006
Construction in process	321,347	1,738,878
	$41,411,687	$ 61,990,496
Less accumulated depreciation	17,303,116	18,456,833
	$24,108,571	$ 43,533,663
	$85,285,588	$116,822,925

See notes to Financial Statements.

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31 1965	December 31 1966
CURRENT LIABILITIES:		
Notes payable to banks	$ 750,000	$ 837,401
Long term debt due within one year	1,795,363	1,292,017
Accounts payable and accrued expense	22,470,039	27,937,168
Federal income tax	2,070,351	1,115,926
TOTAL CURRENT LIABILITIES	$27,085,753	$ 31,182,512
DEFERRED CREDITS (Note 3)	$ 1,620,759	$ 3,116,129
RESERVES FOR SELF INSURANCE	$ 285,955	$ 366,201
LONG TERM DEBT (Note 4):		
Promissory notes due 1976	$ 4,500,000	$ 21,500,000
Note obligations, property and equipment pledged	13,515,605	17,775,436
5% Convertible subordinated notes due 1984	11,250,000	11,250,000
4½% Cumulative income debentures due 1979	856,700	856,700
	$30,122,305	$ 51,382,136
STOCKHOLDERS' EQUITY (Notes 4 and 5):		
Common stock, $.01 par value, authorized 10,000,000 shares, issued and outstanding 3,677,700 shares in 1966 and 3,547,879 shares in 1965	$ 35,479	$ 36,777
Additional paid-in capital	9,677,132	12,392,444
Earnings retained in the business	16,458,205	18,346,726
	$26,170,816	$ 30,775,947
CONTINGENCIES AND COMMITMENTS (Note 6)		
	$85,285,588	$116,822,925

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 1966

NOTE 1—Principles Of Consolidation:

The financial statements contain the assets, liabilities, sales, and costs and expenses of all domestic subsidiaries. A foreign subsidiary which is relatively minor has not been consolidated. Intercompany transactions have been eliminated in consolidation.

Financial statements for 1965 and 1966 shown herein include the assets, liabilities and operations of American Service Company, which was acquired in 1966 in a pooling of interests.

NOTE 2—Investment In Property:

Investment in property includes land and buildings to be pledged as collateral under long term obligations or to be sold to outsiders. Current working funds are used in the construction of new facilities. Periodically throughout the year, the Company sells completed facilities to outsiders for cash and/or arranges for long term borrowings. The Company expects that cash funds will be realized within a twelve month period for those assets.

NOTE 3—Deferred Credits:

	1965	1966
Investment credit	$1,393,045	$2,151,952
Deferred federal income taxes	133,214	838,347
Other	94,500	125,830
	$1,620,759	$3,116,129

For financial reporting purposes, investment credits relating to leased and purchased property and equipment, which are allowed as credits against federal income taxes, are taken into income ratably over the useful life of the assets or the term of the leases, respectively.

Deferred federal income taxes result from the use of accelerated depreciation methods for tax purposes.

NOTE 4—Long Term Debt:

Promissory notes due 1976:

Effective January 25, 1966, the Company entered into Note and Credit Agreements whereby the Company will borrow $27,500,000 on or before January 2, 1968 as provided in the agreements. The $4,500,000 5⅛% promissory note due 1978 which was outstanding at December 31, 1965, and the indenture under which the 5⅛% note was issued were thereby canceled. The notes bear interest at 5¾%. Quarterly principal payments of $859,375 begin on April 1, 1968.

Note obligations, property and equipment pledged:

Approximately 45% of the net carrying value of property and equipment (primarily real estate) is pledged under various notes having maturity dates from 1967 to 1981. Payments of principal and interest are made monthly and aggregate approximately $2,160,000 annually. Interest rates range from 5% to 6½%.

5% Convertible subordinated notes due 1984:

Principal payments are due annually beginning in 1975, in amounts equal to 10% of the aggregate principal amount of notes outstanding on December 31, 1974.

Notes are convertible at the rate of 31.84 shares of capital stock for each $1,000 unpaid principal amount of notes prior to January 1, 1975, and at the rate of 28.02 shares subsequent thereto. Of the Company's unissued capital stock, 358,200 shares are reserved for conversion of these notes.

The indentures under which the 5¾% and 5% notes were issued place certain restrictions on the payment of cash dividends. Under the most restrictive of these provisions, retained earnings totaling $4,473,000 at December 31, 1966 were not so restricted. Other provisions of the loan agreements include requirements as to maintenance of working capital and net worth. The Company has complied with these requirements.

The aggregate amount of long term debt maturities for the five years following December 31, 1966, is:

1967—$1,292,000; 1968—$3,894,000; 1969—$4,750,000; 1970—$4,803,000; 1971—$4,826,000.

NOTE 5—Stock Options:

At December 31, 1966, options for 202,994 shares of the Company's stock, at prices ranging from $2.87 to $27.08 were outstanding, of which 57,264 shares were exercisable. During 1966, 23,566 shares were issued upon exercise of options at prices ranging from $2.40 to $28.08; options were granted for 30,165 shares at $24.76 per share; and options for 2,118 shares expired or were canceled.

An additional 50,435 shares are available for future grants under the employees' stock option plan.

The number of shares stated give effect to stock splits and stock dividends.

NOTE 6—Contingencies And Commitments:

Lease commitments:

The Company leases a substantial portion of the property and equipment. Annual rental payments under lease agreements having terms of three years and over are $10,914,000 for property leases; $6,782,000 for equipment leases.

Property leases range generally from 10 to 25 years and equipment leases range from 5 to 10 years. In addition to minimum annual rentals, certain leases require payments of taxes and insurance (such amounts being included under other operating expenses).

NOTE 7—Classification Of Cost Of Sales And Expenses In Annual Report To The Securities And Exchange Commission:

Cost of goods sold, including buying and occupancy expenses	$373,173,080
Selling, general and administrative expenses	62,482,905
Interest expense	2,514,916
Contributions to employees' savings and profit-sharing fund	1,115,194
	$439,286,095

TOUCHE, ROSS, BAILEY & SMART

DALLAS FEDERAL SAVINGS BUILDING
DALLAS, TEXAS 75201

Board of Directors and Stockholders,
The Southland Corporation,
Dallas, Texas.

We have examined the accompanying consolidated balance sheet of The Southland Corporation and subsidiaries as of December 31, 1966, and the related statements of earnings and stockholders' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

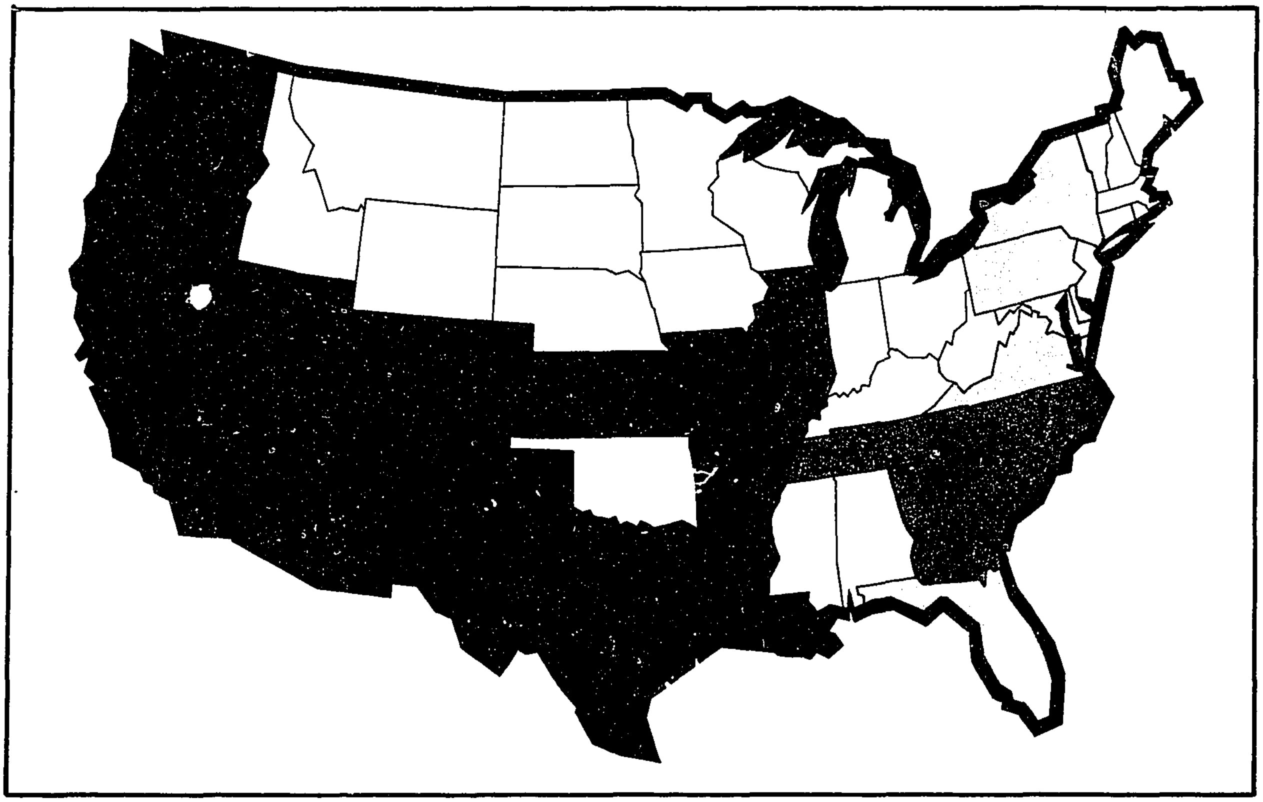
In our opinion, the statements referred to above present fairly the consolidated financial position of The Southland Corporation and subsidiaries at December 31, 1966, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Dallas, Texas.
February 13, 1967.

Touche, Ross, Bailey & Smart
Certified Public Accountants.

SOUTHLAND STORE DIVISIONS

GENERAL OFFICE — DALLAS, TEXAS



DIVISION OFFICES:

Eastern Division
Washington, D.C.

Southern Division
Atlanta, Georgia

Southeastern Division
Miami, Florida

Southwestern Division
Dallas, Texas

Mountain Division
Denver, Colorado

Western Division
San Diego, California

New Area Division
Chicago, Illinois

ZONE OR DISTRICT OFFICES:

ARIZONA
Phoenix

ARKANSAS
Texarkana

CALIFORNIA
San Diego
Santa Clara
Los Angeles (2)
Oakland

COLORADO
Denver (2)

DELAWARE
Wilmington

FLORIDA
Clearwater
Cocoa
Ft. Lauderdale
Jacksonville (2)
Miami (3)
Orlando
Tampa
W. Palm Beach
Port Charlotte

GEORGIA
Atlanta

ILLINOIS
Chicago

KANSAS
Kansas City

LOUISIANA
Monroe

MARYLAND
Baltimore
Camp Springs
College Park
Glen Burnie

NEVADA
Las Vegas

NEW JERSEY
Cherry Hill
Matawan
Teaneck

NEW YORK
Hempstead
North Bellmore, L.I.
Brentwood, L.I.

NO. CAROLINA
Charlotte

PENNSYLVANIA
Philadelphia

SOUTH CAROLINA
Columbia

TENNESSEE
Memphis

TEXAS
Alvin
Austin
Dallas (4)
El Paso
Fort Worth
Houston (3)
Odessa
Waco

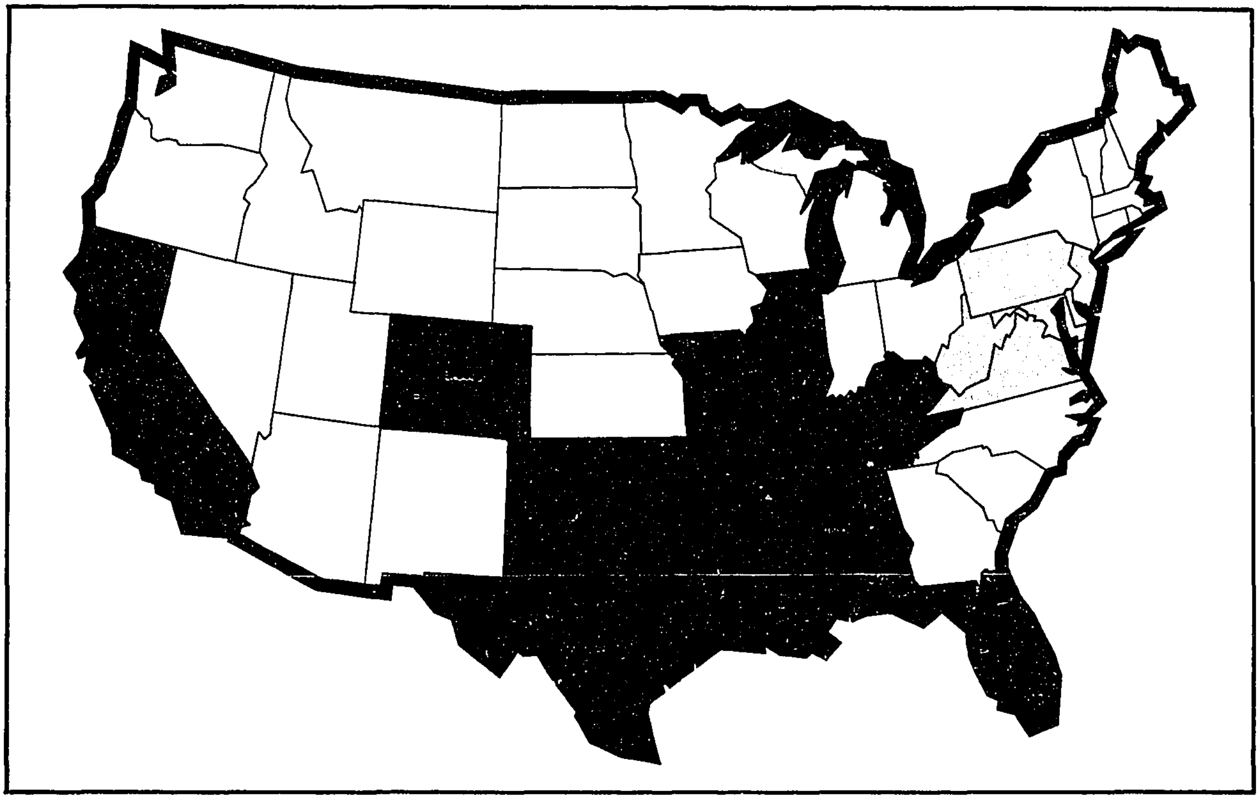
UTAH
Salt Lake City

VIRGINIA
Fairfax
Norfolk
Richmond
Springfield (2)
Hampton

WASHINGTON
Seattle

SOUTHLAND DAIRY DIVISIONS

GENERAL OFFICE — DALLAS, TEXAS



DIVISION OFFICES:

Harbisons Dairies
Philadelphia
Brand Names: Harbisons, Delvale

Embassy Dairy
Washington, D.C.
Brand Name: Embassy

Velda Farms
Miami, Florida
Brand Name: Velda Farms

Midwest Farms
Memphis, Tennessee
Shreveport, La.
Brand Names: Midwest Farms, Fortune

Oak Farms
Dallas, Texas
Brand Names: Oak Farms, Camellia, Goble's

Cabell's
Dallas, Texas
Brand Names: Cabell's, Cooper Farms

Adohr Milk Farms
Los Angeles, California
Brand Name: Adohr

Spreckels-Russell
San Francisco, California
Brand Name: Spreckels

***PROCESSING PLANTS**
ZONE OR BRANCH OFFICES:

ALABAMA
- Birmingham
- Florence

ARKANSAS
- El Dorado
- Helena
- Hope
- *Little Rock
- Pine Bluff

CALIFORNIA
- Baldwin Park
- Glendale
- La Habra
- *Los Angeles
- San Diego
- *San Francisco
- San Jose
- Santa Ana
- Torrance
- *Tulare
- Van Nuys

COLORADO
- *Colorado Springs

FLORIDA
- Daytona Beach
- Delray Beach
- *Jacksonville
- Key West
- Live Oak
- *Miami
- Orlando
- Tallahassee
- Tampa
- *Winter Haven

ILLINOIS
- *Centralia
- Champaign
- *Du Quoin
- Granite City
- Kankakee

KENTUCKY
- *Paducah

LOUISIANA
- Alexandria
- Lake Charles
- Monroe
- Ruston
- Shreveport

MARYLAND
- *Baltimore
- Denton
- Waldorf

MISSISSIPPI
- *Greenwood
- Jackson

MISSOURI
- Cape Girardeau
- Kennett

NEW JERSEY
- Moorestown

OKLAHOMA
- *Ardmore
- Duncan
- Durant
- Oklahoma City

PENNSYLVANIA
- Gettysburg
- Langhorne
- *Philadelphia

TENNESSEE
- Dyersburg
- Jackson
- *Memphis (2)

TEXAS
- Abilene
- Austin
- Beaumont
- Corsicana
- Dallas (2)
- Denison
- *Fort Worth
- Gainesville
- *Houston (2)
- Longview
- Lufkin
- *McKinney
- Midland
- Paris
- San Antonio
- Temple
- *Texarkana
- *Tyler
- Waco
- *Wichita Falls

VIRGINIA
- Fairfax
- Norfolk

*Washington, D.C.

10 YEARS OF GROWTH

	1957	1958	1959
Total Revenues *	$ 56,085	$ 67,943	$ 97,635
Net Earnings (Note 2) *	919	1,201	2,021
Net Working Capital *	4,199	4,728	4,681
Property, Plant & Equipment (Net) *	7,970	8,160	11,121
Long Term Debt *	3,386	3,275	4,938
Stockholders' Equity *	9,163	9,982	10,936
Cash Dividends (Note 4)	80,560	247,002	310,966
Shares Outstanding (Note 3)	3,298,281	3,301,369	3,306,846
Number of Stockholders (Note 4)	279	284	300

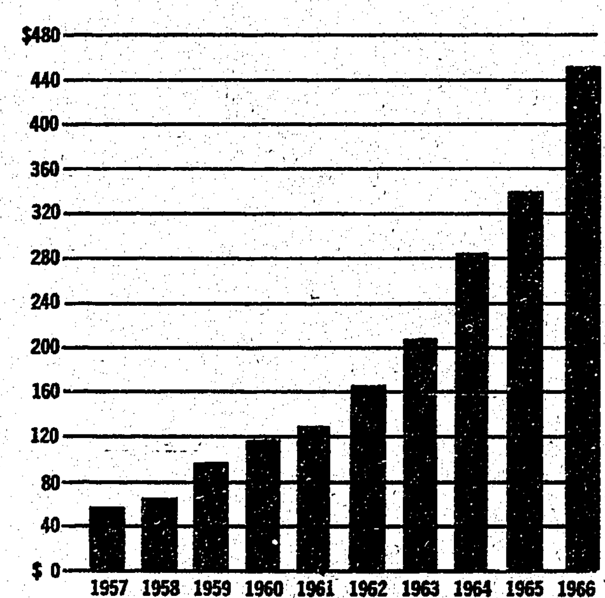
* (000 Omitted)

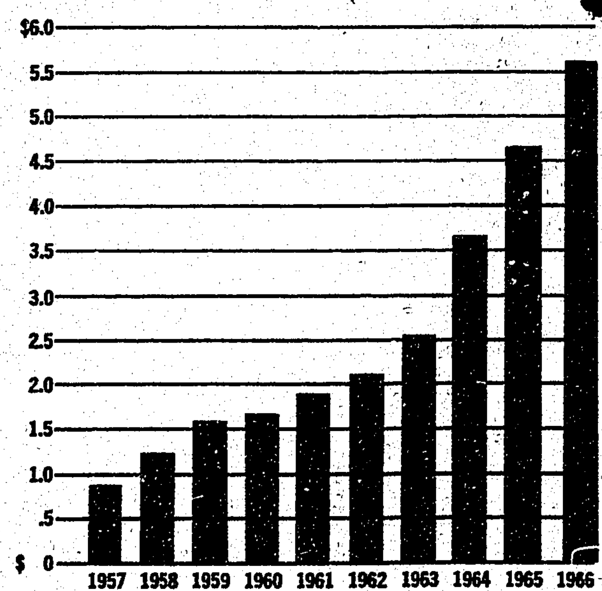
Per Share of Common Stock (Note 3):			
Net Earnings	.28	.36	.61
Cash Dividends (Note 4)	.02	.07	.09
Book Value	2.78	3.02	3.31
Earnings as a percent of Stockholders' Equity	10.03	12.03	18.48

NOTES:

(1) Includes The Southland Corporation and subsidiaries. Data for businesses acquired under the pooling of interests concept have been included for years prior to their acquisition by The Southland Corporation.

(2) Net earnings include special items of $449,000 (addition) in 1959, and $393,000 (deduction) in 1961.





1960	1961	1962	1963	1964	1965	1966
$ 114,360	$ 127,511	$ 164,762	$ 209,903	$ 282,487	$ 343,075	$ 450,198
1,586	1,464	2,034	2,563	3,694	4,692	5,632
5,970	5,283	4,799	8,615	28,496	33,020	41,248
11,251	11,902	14,986	20,387	22,333	24,109	43,534
5,178	5,728	6,118	12,787	30,163	30,122	51,382
12,000	11,926	14,070	16,294	20,507	26,171	30,776
376,469	396,786	764,921	888,112	1,081,113	1,105,768	1,249,592
3,313,495	3,316,379	3,406,000	3,454,508	3,533,920	3,654,659	3,677,700
317	329	376	514	980	1,228	2,111
.48	.44	.60	.74	1.05	1.28	1.53
.11	.12	.22	.26	.31	.30	.34
3.62	3.60	4.13	4.72	5.80	7.16	8.37
13.22	12.28	14.46	15.73	18.02	17.93	18.30

(3) Calculations of per share information are based upon the number of shares outstanding at the end of the respective years after giving effect to subsequent stock dividends, stock split and shares issued in exchange for businesses acquired under the pooling of interests concept.

(4) Cash dividends and number of stockholders relate to the parent company only.